



Budget Watchdog

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H.R. 4931: Another Reminder of the Inadequacy of the Republican “Budget”

Pension-Related Tax Bill Shows Republican Budget Blinders

Earlier this year, Democrats highlighted the fact that the Republican budget resolution is not a credible budget blueprint for the country. For example, we noted that the Republican “budget” shows only five years worth of numbers; that it abandons CBO’s estimates for the more favorable figures from OMB; and that it understates future non-defense, domestic spending.

Now, as the House begins to consider appropriations bills and other legislation, we are beginning to see more evidence of the unrealistic nature of the Republican “budget.” This letter is the beginning of an effort of Budget Committee Democrats to notify Congress and the nation when House Republicans are bringing up legislation that is inconsistent with their “budget.”

This week, the House will consider yet another bill to permanently extend provisions of last year’s \$1.7 trillion tax cut. This week’s bill, H.R. 4931, makes permanent last year’s retirement-related provisions, which are due to expire in 2010. The goals of H.R. 4931 certainly have merit; encouraging Americans to save more for the future is an excellent idea. However, the fact that the Republican Leadership is bringing this bill before us this week highlights once again the absence of any coherent Republican budget plan.

Republicans claim that H.R. 4931 is consistent with the budget resolution that they passed earlier this year. However, that is true only because the Republican budget resolution covers just the next five fiscal years (2003-2007), while H.R. 4931 affects revenues after 2010. The fact that the Republican budget resolution covers only five years is no accident. The short time-frame cloaks the fact that their budget plan spends all of the Medicare surplus and about two-thirds of the Social Security surplus over the next 10 years -- and probably well beyond.

Since the 1997 Balanced Budget Act, it has been customary to employ 10-year projections in budget resolutions. Last year, when Republicans were pushing a 10- year tax cut, 10-year projections were attractive to them. Now that last year’s big tax cut has passed and the long-term surplus has disappeared, Republicans find 10-year estimates inconvenient. Republicans’ failure to follow a coherent budget plan is not by itself a reason to vote against H.R. 4931. However, it is a reason to ask Republicans when they will be ready to sit down and negotiate a real budget that protects Social Security and Medicare.